

tax provisions out of the code. I think that goes beyond.

So I think because the gentleman's amendment creates a previously unforeseen differential, and that is what is really involved, and because it obscures the purpose of H.R. 2, which is to ensure the ability to assure everyone pays his fair share, this amendment, Mr. Chairman, should be defeated.

Mr. Chairman. I reserve the balance of my time.

The CHAIRMAN. The Committee will rise informally in order that the House may receive a message from the President.

#### MESSAGE FROM THE PRESIDENT

The SPEAKER pro tempore (Mr. QUINN) assumed the chair.

#### FURTHER MESSAGE FROM THE PRESIDENT

A further message in writing from the President of the United States was communicated to the House by Mr. Edwin Thomas, one of his secretaries.

The SPEAKER pro tempore. The Committee will resume its sitting.

□ 1610

#### LINE-ITEM VETO ACT

The Committee resumed its sitting.

Ms. WATERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentleman from Pennsylvania is to be commended for his attempt to protect that part of the bill that speaks to the 100 entities, and I understand that that is a very small attempt to talk about fairness in a certain way. Certainly we need to do that.

We need to say that if there is any tax legislation that will benefit as few as 100 entities, then something is wrong with that, because both you and I and others know far too well that we have had legislation in this Congress that benefited one or two persons, and certainly it is usually those who are well connected, the rich and the powerful who have influence with a particular elected official who are able to do that.

And I am saying, yes, let us have that measure of protection, but let us go a little bit further. I think it is important for us to go a little bit further, because it has been documented time and time again that the top 1 percent in this society have a disproportionate share of the wealth. And as I cited in my opening remarks, the tax income of the families in the top 1 percent of income has increased from 7.3 percent of all U.S. earnings to 12.3 percent.

I think we can in this legislation put a stop to that. We are simply saying if there is anything that is put together that allows that top 1 percent to further benefit, if there is anything that is done that allows the top 10 percent to have over 50 percent of the tax

breaks, then we need to give the President the opportunity to veto it, and this is no small matter.

The gentleman from Pennsylvania identifies that this would in some way have too great an influence on tax policy. That is precisely what I wish it to do. I wish it to do that, because at some point in time we must send a signal to the American people that somebody is doing the business of the average working person in this Congress. The average working man or woman does not have a lobbyist here. They cannot be represented but by the people they elect to represent them.

Sometimes we get a little bit too insulated, and oftentimes when we produce tax policy, as we did in 1981 during the Reagan years where we allowed the selling of tax credits and major corporations in America ended up paying no taxes, if I recall during that time, many of the top corporations, Fortune 500 corporations in America, ended up paying no taxes. General Motors ended up paying no taxes. They even got a tax rebate.

At the same time, the taxes of the average working person have increased, and so I am saying we can take a big step as we give the line-item veto to the President of the United States and say:

Mr. President, it looks fishy if what we have done allows the top 10 percent to get over 50 percent of the tax breaks in anything that we have done. So we want to make sure that we protect against that.

And we are going to allow this line-item veto to operate under those circumstances. I do not think it is too much to ask. I know we do not often-times think like that. We do not often-times think that we can take the broad strokes on behalf of just average working Americans, but I am saying with this line-item veto, which is rather novel, which is quite different, that it is big enough. It is creative enough to allow room for some more creativity.

And I am simply saying that we can broaden the measure of protection and not just do a very small thing such as protect against 100 entities, but we can protect the majority of Americans if we have the will to do so.

So, Mr. Chairman, I would ask that my amendment be adopted.

Mr. Chairman, I reserve the balance of my time.

Mr. CLINGER. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. GOSS].

Mr. GOSS. Mr. Chairman, I want to congratulate the gentlewoman for addressing this amendment, as well, on this subject. It is a subject we took up under the Slaughter amendment on these targeted tax credits, and how we do it.

I do not agree with the amendment. I hope the fact they have the amendment indicates that perhaps the gentlewoman will support the line-item veto legislation with or without the amendment.

Ms. WATERS. Mr. Chairman, if the gentleman will yield, all things are possible.

Mr. GOSS. That is good. We are making progress.

Mr. Chairman, I think there are a couple of things that need to be clarified.

The last time I heard about a change in the tax rate it seems to me there was a special top rate including a surtax of up to 39.6 percent for the people at the top end of the scale, and actually those cuts that I believe the gentlewoman was referring to back in 1981 for the rich were cuts for every American who were paying taxes.

But I am glad that she has brought that up on Reagan's birthday, because I think the idea of trying to get spending under control and reduce taxation is something President Reagan stood for.

With regard to the amendment itself particularly, I am a little concerned that we have a very vague definition here, "income earners." Now, that would presumably excuse coupon clipper from this, or people from rents, royalties and other types of income, perhaps pensions, that are not earned income under that definition. I am not sure where stock options or other things like that would come in.

Certainly when you start talking about large corporations under the definition that is being used in H.R. 2, I would point out that large corporations pay an awful lot of wages to blue collar workers who depend on those to keep food on the table and shelter over their head. So I think maybe it has been mischaracterized a little bit for what it would do, and I would, therefore, be opposed to it. But I am glad the gentlewoman has an interest in this subject.

Ms. WATERS. Mr. Chairman, I yield myself the balance of my time. I would just simply close.

I thought it was very important that we try and strike a blow for the people. I really do believe that we are at a time in our society when people are very unhappy with the way public policy is made, with elected officials in general.

I have watched over the past 10 years or so as we have exported jobs of Americans to third world countries for cheap labor; I have watched wage earners be able to buy less with their dollars; I am watching young people with an inability to purchase their own home, to have a down payment, I am watching as the rich get richer basically, and the poor get poorer.

I really do believe that somehow we have to use this forum to begin to engage each other in a debate about what are we going to do for the average wage earner. What are we going to do to represent their interest?

I know that many people believe that we know best and that somehow whatever we do is all right. I do not think so anymore.